

Major Shareholder Commitments Ensure Galaxy Rights Issue Minimum Exceeded

29.07.2013 | [CNW](#)

PERTH, Australia, July 28, 2013 /CNW Telbec/ -

Highlights

- A\$5 million subordinated short term loan facility agreed with lending consortium with a view to convert to equity
- Deutsche Bank agrees to subscribe to Entitlement Offer to maintain its position
- Current acceptances, conversion of loan facility, and Deutsche Bank subscription will exceed the minimum required raising under the Entitlement Offer

[Galaxy Resources Ltd. \(ASX: GXY\)](#) ("**Galaxy**" or "**the Company**") is pleased to announce that major shareholder commitments, conversion of a A\$5 million subordinated short term loan facility and other acceptances to its current Entitlement Offer ("**Entitlement Offer**") will result in the Entitlement Offer minimum required raising of A\$12 million being exceeded.

Deutsche Bank A.G, Sydney Branch has advised Galaxy it will commit to maintaining its position by subscribing for its circa 7.8% share of the Entitlement Offer and shortfall placement.

In addition, Galaxy has entered into an A\$5 million subordinated short term loan facility ("**Facility**") with a lending consortium ("**Consortium**"). The Consortium is made up of existing, largely European-based institutional shareholders of Galaxy and was arranged by Galaxy's Special Management Committee.

The short term loan facility funds have been made available to provide additional near term funding for general corporate purposes.

Under the terms of the Facility, the Consortium has an option to convert the loan in whole or in part into Galaxy equity by:

- taking up shares as part of any shortfall in the Company's current Entitlement Offer; or
- pursuant to Galaxy's 15% share placement capacity under the ASX Listing Rules. In the event the Company does not have sufficient placement capacity, conversion will be subject to Galaxy shareholder approval.

Assuming conversion, these funds represent a substantial commitment to the current 1 for 1 pro-rata non-renounceable offer at A\$0.08 per share to raise a minimum of A\$12.0 million and up to A\$46.7 million (before costs).

Along with applications to hand, the minimum subscription amount under the Entitlement Offer will be exceeded.

Under the Facility's terms and conditions, the Consortium also has an additional option to acquire 25 million shares of the Company at A\$0.08 per share. Fees, expenses and interest payable under the Facility are typical of a transaction of this nature.

The Facility has a maturity date of three months from first utilisation of the previously-announced A\$5 million bridging loan with Deutsche Bank A. G, Sydney branch ("**Deutsche Facility**") or the settlement date of the Entitlement Offer (whichever is earlier). The Facility is subordinated to the existing security and repayment

arrangements under the Deutsche Facility.

Galaxy interim Managing Director Anthony Tse said: "We are extremely pleased to have secured significant commitments to our current Entitlement Offer and we are grateful for continued support from our shareholders. In addition, the loan facility provides Galaxy with short term funding assurances while the Entitlement Offer is being finalised."

As previously advised, the closing date for eligible shareholders to participate in the Entitlement Offer has been extended to 07:00pm AEST on 31 July 2013. The extension allows shareholders sufficient time to consider the announcement on 26 July 2013 of an agreement to restructure the convertible bonds outstanding with the Company's bondholders.

The indicative timetable for the Offer is set out below:

Event	Date**
Closing date for acceptances	31 July 2013 at 7.00pm (AEST)
New Securities quoted on a deferred settlement basis	1 August 2013
Notification to ASX of under subscriptions	6 August 2013
Allotment and issue of New Securities	On or before 9 August 2013
Despatch of holding statements	12 August 2013
Trading of New Securities expected to commence	12 August 2013

** The above dates are indicative only. The Company, in conjunction with the lead manager to the Offer, reserves the right to vary the above dates, subject to the ASX Listing Rules and Corporations Act.

About Galaxy (ASX: GXY)

[Galaxy Resources Ltd.](#) ("Galaxy") is an Australian-based global lithium company with lithium production facilities, hard rock mines and brine assets in Australia, China, Canada and Argentina. The Company is a lithium producer listed on the Australian Securities Exchange (Code: GXY) and is a member of the S&P/ASX 300 Index.

Galaxy wholly owns the Jiangsu Lithium Carbonate Plant in China's Jiangsu province. The Jiangsu Plant will eventually produce 17,000 tpa of battery grade lithium carbonate, becoming the largest producer in the Asia Pacific region and the fourth largest in the world.

Galaxy is also advancing plans to develop the Sal de Vida (70%) lithium and potash brine project in Argentina situated in the lithium triangle (where Chile, Argentina and Bolivia meet), which is currently the source of 60% of global lithium production. Sal de Vida has excellent promise as a future low cost brine mine and lithium carbonate processing facility.

The Company owns Mt Cattlin (100%) spodumene project near Ravensthorpe in Western Australia and the James Bay (100%) Lithium Pegmatite Project in Quebec, Canada.

Lithium compounds are used in the manufacture of ceramics, glass, electronics and are an essential cathode material for long life lithium-ion batteries used to power e-bikes and hybrid and electric vehicles. Galaxy is bullish about the global lithium demand outlook and is positioning itself to become a major producer of lithium products.

Caution Regarding Forward Looking Information.

This document contains forward looking statements concerning Galaxy.

Forward-looking statements are not statements of historical fact and actual events and results may differ materially from those described in the forward looking statements as a result of a variety of risks, uncertainties and other factors. Forward-looking statements are inherently subject to business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause the Company's actual results to differ materially from those expressed or implied in any forward-looking information provided by the Company, or on behalf of, the Company. Such factors include, among other things, risks relating to additional funding requirements, metal prices, exploration, development and operating risks, competition, production risks, regulatory restrictions, including environmental regulation and liability and potential title disputes.

Forward looking statements in this document are based on Galaxy's beliefs, opinions and estimates of Galaxy as of the dates the forward looking statements are made, and no obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future developments.

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SOURCE [Galaxy Resources Ltd.](#)

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Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/153444--Major-Shareholder-Commitments-Ensure-Galaxy-Rights-Issue-Minimum-Exceeded.html>

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